

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary Public

Date: 3/10/2011

GAIN Report Number: RB1102

Serbia

Post: Belgrade

Belgium Delhaize Group acquired Serbian leading food retail company

Report Categories:

Retail Food Sector

Approved By:

Hoa Huynh

Prepared By:

Tatjana Maslac

Report Highlights:

The Belgium leading food retail Delhaize Group acquired 100 percent of Serbian leading food retail company Delta Maxi Group with 450 stores in five countries in Southeastern Europe.

Delhaize Group will close the transaction in the third quarter of 2011 for EUR 923.5 million including net debt of approximately EUR 300 million.

General Information:

On March 3, 2011 it was announced that the Belgium leading food retail company Delhaize Group completed several months' negotiations with leading Serbian food retail company Delta Maxi Group. As per their agreement, Delhaize Group will acquire 100 percent of Delta Maxi Group for EUR 932.5 million including net debt of EUR 300 million. Combining acquiring Delta Maxi with its current operations in Greece and Romania, Delhaize Group will become a leading retailer in Southeastern Europe. Delhaize Group is expected to generate revenues of approximately EUR 3.4 billion and to cover a network of more than 800 stores. Beside Europe Delhaize Group is active in the U.S. and Asian markets.

The Delta Maxi Group network consists primarily of four food retail formats, ranking from convenience stores (under banners Mini Maxi, Piccadilly Express and Euromax), supermarkets (under banners Maxi, Piccadilly and Euromax), discount stores (Tempo Express) and hypermarkets (Tempo). Delta Maxi Group has 350 stores in Serbia and around 100 more in Bulgaria, Bosnia-Herzegovina, Montenegro and Albania. Estimated annual revenue of Delta Maxi Group for 2011 is between EUR 1.35 and EUR 1.4 billion. Delta Maxi Groups have about 15,000 employees covering five markets.

Delta Maxi Group is owned by a Cyprus registered company Hemslade Trade. Despite that owner of Delta Maxi Group Mr. Miskovic announced at the press conference that in this transaction Delta will pay a tax on the transaction in Serbia (about 10 percent or EUR 93 million), which will have positive effect on a limited Serbian budget. It is speculated that this action is a follow up to recent critics given by Serbian President Tadic to major Serbian tycoons, that most of the companies they own are not registered in Serbia but in countries that are offering possibilities for offshore businesses.

Serbian food producers and suppliers are welcoming sale of Delta Maxi to Belgium owned Delhaize Group expecting that food sales will improve their liquidity, which has been a problem that most of food suppliers faced with Delta Maxi over the past years. As the second largest foreign investor in Serbia Delhaize will also bring some new competition between domestic and imported food products.